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Walter B. McCormick, Jr.

President and Chief Executive Officer

***EX PARTE PRESENTATION***

July 23, 2004

The Honorable Michael K. Powell  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W. Room 8 B201  
Washington, D.C. 20554

The Honorable Kathleen Q. Abernathy  
Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W. Room 8 B115  
Washington, D.C. 20554

The Honorable Jonathan Adelstein  
Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

The Honorable Michael Copps  
Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W. Room 8 B115  
Washington, D.C. 20554

The Honorable Kevin Martin  
Commissioner  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W. Room 8 A204  
Washington, D.C. 20554

**Re: Ex Parte Presentation WC Docket No. 03-133**

Dear Commissioner:

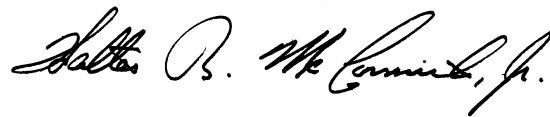
The undersigned (USTA small and mid-sized member companies) seek the expeditious resolution of the AT&T Petition in the above referenced docket, which has been pending before the Federal Communications Commission (FCC/Commission) for more than fourteen months. AT&T's Petition asks the FCC to determine that interstate (rather than intrastate) access charges apply to all calls made using its pre-paid calling cards, even when those calls are made from one point in a state to another point in the same state. AT&T also claims that these calls constitute an enhanced or information service (because they contain a brief advertising snippet) and AT&T is therefore exempt from the obligation to contribute to the universal service fund for revenues derived from these calls.

This cynical manipulation of the access charge and universal service system is aimed at some of the most vulnerable Americans. AT&T's failure to pay into the universal service system undercuts its sustainability and is detrimental to the interests of low income subscribers, those needing Link Up assistance to obtain telephone service, our nation's school children relying on the schools and libraries fund, and those residing in rural America depending on universal service funding to maintain affordable rates. Furthermore, by improperly avoiding intrastate access charges, AT&T deprives small and mid-sized rural telephone companies of a valuable revenue source that is a key component of state rate structures keeping local telephone rates affordable.

Lack of immediate action by the FCC to disallow this egregious maneuver by AT&T will encourage others to imitate and expand upon AT&T's actions, quickly bringing down the universal service and access charge regimes upon which small and rural companies rely to continue to provide quality service at reasonable rates to rural Americans.

USTA small and mid-sized member companies, predominantly serving rural areas, ask the FCC to act quickly to reaffirm that the calling card calls referenced in the AT&T Petition provide telecommunications services for which AT&T must make universal service fund contributions, and that when such calls connect parties within a single state, AT&T is required to pay intrastate access charges.

Sincerely,

A handwritten signature in black ink, reading "Walter B. McCormick, Jr." in a cursive script.

Walter B. McCormick, Jr.

See attached list of USTA member companies

Francis X. Frantz  
Executive Vice President and CEO  
**ALLTEL**  
Member, USTA Board of Directors

D. Vernile Prince  
President  
**All West Communications**  
Member, USTA Board of Directors

Michael W. Conrad  
President and General Manager  
**Champaign Telephone Company**  
Member, USTA Board of Directors

Richard A. Lumpkin  
Chairman  
Former Chairman, USTA Board of Directors  
Robert Currey  
President and CEO  
Joseph Dively  
President, Telephone Operations  
Member, USTA Board of Directors  
**Consolidated Communications**

Michael R. Coltrane  
President and CEO  
**CT Communications, Inc.**  
Member and Former Chairman, USTA  
Board of Directors

Susan Rand-King  
Marketing Director  
**Granite State Telephone, Inc.**  
Member, USTA Board of Directors

John L. Wilson  
Vice President – Administration  
**Horizon Chillicothe Telephone**  
Member, USTA Board of Directors

William S. Barcus  
President  
**Kerman Telephone Company**  
Member, USTA Board of Directors

Gene R. South, Sr.  
CEO and General Manager  
**Lakedale Communications**  
Incoming Chairman, USTA Board of  
Directors

C. Hayden McKenzie  
Executive Vice President  
**North State Communications**  
Member, USTA Board of Directors

Arne L. Haynes  
President and CEO  
**The Rainier Group**  
Member and Former Chairman, USTA  
Board of Directors

Ron B. McCue  
Vice President  
**Silver Star Communications**  
Member, USTA Board of Directors

Brian H. Strom  
President and CEO  
**SureWest Communications**  
Chairman, USTA Board of Directors

Kenneth R. Cole  
President and CEO  
**Valor Telecom**  
Member, USTA Board of Directors

Jack W. Keen  
President  
**Western New Mexico Telephone  
Company, Inc.**  
Member, USTA Board of Directors